

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's Proposed Policies and Programs Governing Post-2003 Low-Income Assistance Programs.	R.04-01-006
And Related Matters.	A.05-06-005 A.05-06-009 A.05-06-012 A.05-06-013

**THE JOINT COMMENTS OF TELACU, MARAVILLA, AND ACCES ON
PROPOSALS FOR REDUCING BILL IMPACTS ON LOW INCOME
HOUSEHOLDS DUE TO HIGH NATURAL GAS PRICES THIS WINTER**

To assist the Commission to prepare for the upcoming rise in gas and electric costs The East Los Angeles Community Union (TELACU), the Maravilla Foundation (Maravilla), and the Association of California Community and Energy Services (ACCES) submit these comments.

We commend the Commission for demonstrating its concern for low income ratepayers by convening the En Banc on this topic. This Commission has consistently met its responsibility to be a Commission for all ratepayers, including low income.

We believe the Commission should immediately pursue three categories of action to assist low income households.

Utility Bill Assistance: In the form of the CARE or other discounts, charitable funds, and/or rate design modifications. We support steps to help low income households deal with higher gas and electric bills, including greater outreach efforts and streamlined enrollment in these programs. This helps low income customer deal with higher bills in the short term.

Energy Efficiency: An important longer term solution is home weatherization and the installation of more efficient gas and electric appliances, taking into consideration not only efficiency, but also health and safety. We provide more detail below.

Energy Education: Increase the number of workshops conducted at CBO facilities, not only to teach people to use energy more efficiently, but also to be used as an outreach mechanism for Low Income Energy Efficiency (LIEE) program, for CARE, for the federal Low Income Home Energy Assistance Program (LIHEAP), and other assistance. We provide more detail below.

USE THE SUCCESSFUL “RAPID DEPLOYMENT” STRATEGY MODEL

In the area of energy efficiency, we believe much can be learned by examining the Commission’s successful low income “Rapid Deployment” strategy. The last time California faced an energy crisis, in 2001, the Commission and the legislature leapt into action with a Rapid Deployment strategy, outlined in Decision 01-05-033, to protect those who are most vulnerable. The Commission and the legislature increased the funding of the utilities’ LIEE and the state’s LIHEAP weatherization programs, and saw to it that services were rapidly deployed to the state's low income families who were most at risk.

First, the Commission and the Legislature authorized increased base funding for the statewide LIEE program by \$45 million dollars, provided \$25 million dollars in supplemental funding to put more efficient electric appliances in low income households, and augmented the CARE program by \$100 million dollars.

But Rapid Deployment was not just a matter of increasing funding. It also required a new way of thinking about the LIEE program. The Commission's Rapid Deployment Decision said, "we do not believe that 'business as usual' will be adequate to address the needs of low-income customers during this energy crisis." Therefore, the Commission expanded LIEE program customer income eligibility, reduced paperwork, provided for CARE automatic enrollment, added new program measures, expanded eligibility to include more rental housing, and, most importantly, utilized the statewide network of Community Based Organizations and private contractors which provide energy services to low income households.

The Commission directed the utilities to help the local agencies to leverage the resources of the federally funded weatherization and bill assistance programs operated by the statewide network of Community Based Organizations with the utilities LIEE and

CARE program resources in order to increase the availability of LIEE and CARE services.

The CBOs and private contractors participating in the LIEE program did their part. They ramped up, they hit the streets, they reached out to the poor and elderly and they delivered the services.

Looking back, the Commission said "we found that this rapid deployment strategy has been successful in substantially increasing the deployment of low-income assistance services to those that have needed it the most during the energy crisis." (D.02-07-033).

The 2001 Rapid Deployment Decision said, "Today's decision represents a major 'call to arms' to protect the interests of low-income customers during this energy crisis. The utilities should implement the rapid deployment strategy described herein, without further delay." This Commission should issue a new "call to arms" to protect the interests of low-income customers during this latest energy crisis and implement a second Rapid Deployment.

As far as we know, the Commission has not issued a decision which officially terminated Rapid Deployment. But gradually, more program restrictions have been added, measures removed from the weatherization menu, and administrative paperwork has grown. Today, LIEE program budgets only serve a tiny percentage of each utility's CARE population. The Commission needs to return to the "call to arms" mode, redouble LIEE program resources, and streamline the program.

We have following recommendations concerning the LIEE program. Please note that are recommendations are based not only on energy efficiency but also on health, safety and comfort.

- Increase LIEE funding.
- Use census data to identify low income census blocks and declare that entire block eligible for the LIEE program
- Increase CARE eligibility to 200% of poverty to be consistent with LIEE eligibility.
- Allow rental units to be eligible for LIEE furnace repair or replacement
- Allow service providers to replace low income furnaces that are 20 years old or older with new, safer, more efficient furnaces.
- Allow service providers to replace old, inefficient, and leaky water heaters, both electric and gas.
- Reduce LIEE program paperwork and eliminate existing customer eligibility barriers.

- Increase the number of low income energy education workshops conducted at CBO locations.
- Encourage the state's congressional delegation to seek to increase California's LIHEAP allocation.

1. Increase LIEE funding.

The amount of funding increase depends on the number of households to be reached and the services provided to them. The number of households which can be reached within the winter season depends on whether or not the Commission adopts our recommendations, listed below, to reduce paperwork, to weatherize entire census blocks, and to adopt CARE eligibility as LIEE eligibility. The fewer the barriers, the more homes that can be weatherized by existing crews in a short time frame. When new crews are hired they take a few months of on-the-job training to function independently.

But our recommendations are not intended to be limited only to this winter season. We urge a long term ramping up of the LIEE programs. We note the Commission adopted a decision approving a 60% increase in the IOUs 2006-2008 non-low income energy efficiency program budgets last month. A similar increase for LIEE does not seem unreasonable and would reduce the number of low income customers who currently pay for the utilities non-energy efficiency and LIEE programs in their bills, but don't receive any services.

2. Use census data to identify low income census blocks and declare that entire block eligible for the LIEE program.

It is our understanding that San Diego Gas and Electric once used such customer outreach and eligibility model. That model should be revived and used in the service territories of the four major energy utilities.

3. Increase CARE income eligibility to be consistent with LIEE eligibility.

Increase the CARE income eligibility guidelines for seniors and households with a permanently disabled family member to 200% of the federal poverty guideline used in the LIEE program.

4. Allow low-income rental units to be eligible for furnace repair or replacement.

A majority of low-income households are renters. A landlord co-payment would not be unreasonable if it does not slow down services or limit the number of income eligible households served.

5. Allow service providers to replace low income furnaces that are 20 years old or older.

As described in an earlier filing, (The Comments of the Association of California Community and Energy Services on the Assigned Commissioner's Ruling Approving Proposed Amendments to the Workplan, Budget and Schedule for Phase 5 of the Low Income Energy Efficiency Standardization Project), TELACU and Maravilla collected data on 8,280 homes in which they provided LIEE furnace repair or replacement services in the years 2000 through 2004. The data show that about 97 percent of the homes served by TELACU and Maravilla are over 40 years old. The age of the homes is important because 20 years ago free standing pilot lights were replaced by intermittent ignition devices (IIDs) and 15 years ago safety standards were implemented in the manufacture of gas heating appliances. This means that, unless the furnaces in those homes are replaced by the owners or by the LIEE program, 97 percent of the homes served by TELACU and Maravilla have heating appliances that are less safe and less efficient than the newer ones which are manufactured under the new safety and efficiency standards. We believe low income neighborhoods are better served by replacing rather than repairing older furnaces.

In addition, the issue of health and safety was raised by a March 17, 2005, the California Air Resources Board (ARB) report on indoor air quality that cites the dangers of indoor air pollution and "the proven health and economic benefits to reducing indoor air pollution which is estimated to cost California \$45 billion per year." (The 333 page report may be obtained from the Air Resources Board website at:

<http://www.arb.ca.gov/research/indoor/ab1173/report0205/report0205.htm>). An ARB press release said, "Indoor air quality is a serious concern," said Acting Chairman Barbara Riordan. "Californians spend a significant amount of their time indoors near air pollution sources that can cause significant health problems. In fact, a typical pollutant release indoors has a 1,000 times greater chance of being inhaled as the same release to urban air." Among the many sources of indoor air pollution, says the ARB, are combustion appliances such as furnaces.

The ARB says, “Children are particularly vulnerable to poor indoor air quality. Children's developing bodies are more susceptible to chemicals that may affect lung development and function, and their immune systems are not fully developed. Further, children and infants inhale more air and tend to be more active than adults in the same environment. These factors put youngsters at greater risk.” According to the California Department of Health Services, of the state’s 4.7 million low-income persons, about 1.8 million (40 percent) are children.

(See <http://www.dhs.ca.gov/hisp/chs/OHIR/tables/population/poverty.htm>.)

We believe it is reasonable to replace furnaces that are 15 years old or older.

6. Allow service providers to replace old, inefficient, and leaky water heaters, both electric and gas.

Newer water heaters are significantly more energy efficient than older models, and replacing older units with new Energy Star units would help LIEE customers reduce their gas and electric bills, avoid future problems with older water heater units, and add to overall LIEE program energy savings.

7. Reduce LIEE program paperwork and eliminate existing customer eligibility barriers.

A great step in this direction is taken in item 2, above, census block weatherization. Other improvements include, but are not limited to:

- Allow LIEE participation by current CARE customers without requiring further income documentation.
- Revise income documentation requirements to more realistically reflect low income conditions, i.e. estimate annual income based on the available income documentation.
- “Third party verification” prior to furnace repair or replacement typically adds 30 to 45 days to the time it takes to serve the low-income household. That step should be eliminated and the decision whether to replace or repair a given furnace should be left to the service provider.
- Eliminate the 10 year current “go-back” restriction and qualify LIEE customers based only on income eligibility and need for service.

8. Increase the number of low income energy education workshops conducted at CBO locations

Southern California Gas Company and San Diego Gas and Electric Company have an energy education workshop component which should be used as a model for the

other utilities. Based in CBO facilities and targeting low-income customers who qualify for the Low Income Home Energy Assistance Program (LIHEAP) utility bill assistance program, workshops fulfill the requirements of Assembly Bill 1393, enacted in October 1999 which added §327 and §381.5 to the Public Utilities Code. Under §327, electric and gas corporations, to the extent possible, are required to do the following:

1. Continue to leverage funds collected to fund the program described in subdivision (a) with funds available from state and federal sources;
2. Work with state and local agencies, community based organizations and other entities to ensure efficient and effective delivery of program;
3. Encourage local employment and job skill development;
4. Maximize participation of eligible participants;
5. Work to reduce consumers electric and gas consumption and bills.

The CBO-based customer workshops leverage LIHEAP funds, work with CBOs, serve only qualified low income persons, serve as an outreach tool for the LIEE and CARE programs, and teach participants how to reduce their gas and electric bills. SoCalGas and SDG&E should be directed to expand this component, and PG&E and SCE should be directed to add this element to their LIEE programs.

9. Encourage the state's congressional delegation to seek to increase California's LIHEAP allocation

California does not receive its fair share of the Federal Low Income Home Energy Assistance Program funding. The Commission, the Legislature, and the utilities should urge California's congressional delegation to seek a substantial increase the state's annual LIHEAP allocation.

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We look forward to discussing these ideas with other parties.
Respectfully submitted,

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